

DoD Financial Management Modernization Program

DoD's Business Systems Modernization Initiative

Overview

- **Business transformation and modernization**
- **Mission and strategy**
- **BEA defined**
- **BEA Deliverables**
- **GIG and BMMP**
- **Transition Plan**
- **Portfolio management**
- **Integrated repository initiative**
- **Metrics**
- **Reports to Congress**

Business Management Modernization Program (BMMP)*

- ***The Department of Defense remains committed to transforming its management processes and systems. SECDEF has made “business transformation” one of the Department’s top ten priorities.***
- ***BMMP’s goal is to build a technologically advanced infrastructure that eliminates inefficient stovepipe processes that prevent the Department from optimizing combat and business support to its operating forces.***

* BMMP was established by a SECDEF memo dated July 19, 2001. Originally, it was called the Financial

Management Modernization Program (FMMP) but the name was changed to BMMP on May 20, 2003 to better

reflect the scope of the program

BMMP Mission and Strategy

Mission: *Support the Warfighter with world-class business operations*

GOALS:

- Achieve an unqualified opinion on 2007 consolidated financial statements
- Achieve total visibility and accurate valuation of assets including real property, military equipment, internal use software, personal property and government furnished property
- Achieve total personnel visibility
- Provide decision-makers with timely access to business information
- Enable efficiency and productivity to DoD business operations
- Adopt the BEA

BMMP strategy to lead transformation

Architecture

- Build and extend a business enterprise architecture
- Establish technical architecture requirements

Governance

- Establish an agency-wide transformation governance process

Process Reengineering

- Reengineer the Department's business processes using an incremental approach

Systems oversight and implementation

- Create and implement an enterprise-wide portfolio management process
- Test and implement systems solutions
- Reduce/eliminate redundant, outdated, and stove-piped systems using a systems review process

Metrics

- Implement metrics to measure progress

Business Enterprise Architecture

DoD's Business Enterprise Architecture (BEA) is one of the largest, most complex, and business architectures developed to date, in either the public or private sector, anywhere in the world.

What is DoD's BEA?

- The BEA is an integrated blueprint for Departmental business transformation
- It includes work products such as: process models, business rules, diagrams, tables, narratives, and transition plans which translate DoD's business activities into meaningful representations of business activities
- It identifies and defines Defense-wide information technology infrastructure that is maintainable and interoperable
- It will include all appropriate system requirements associated with critical infrastructure protection and information assurance to ensure consistency with DoD's Joint Technical Architecture
- It will include best business practices from both the private and public sectors

Architectural Products Dictionary

AV = All Views
OV = Operational View
SV = Systems View
TV = Technical View

AV-1 - Overview and summary (Scope, purpose, users, environment, analysis)

AV-2 - Integrated dictionary (defines all terms used in all products)

OV-1 - High level Operational Concept (may be graphic or text)

OV-2 - Operational Node Connectivity Description (Information exchanges)

OV-3 - Operational Information exchange (Attributes of information exchanged)

OV-4 - Organizational relationships Chart

OV-5 - Operational Activity Model (Capabilities, inputs and outputs)

OV-6a - Operational Rules Model (Business rules)

OV-6b - Operational State Transition Description (Operational activities and responses)

OV-6c - Event trace description (scenarios or sequence of events)

OV-7 - Logical data model (system data requirements)

SV and TV Terminology

SV-1 - Systems interfaces listing

SV-2 - Systems communications description

SV-4 - Systems functionality description (data flows)

SV-5 - Mapping of systems to operational activities

SV-6 - Data exchange matrix (includes attributes of the exchange)

SV-7 - Performance characteristics (based on specific timeframe)

SV-8 - Evolution description (migration plan)

SV-9 - Technology forecast (list of emerging technologies that will be available)

SV-10a - Systems rules/constraints (may be by design or a systems limitation)

SV-10b - State Transition Description (identifies responses to events)

SV-10c - Event-Trace Description (how it handles critical event sequences described in OV)

SV-11 - Physical schema (message formats, file structures, etc.)

TV-1 - Technical standards profile (listing of standards that apply to SV elements)

TV-2 - Technical standards forecast (description of emerging standards and impact on SV elements within a specified timeframe)

BEA benefits

DoD Interoperability

- Standard rules and policies are embedded into operational processes
- Business transaction and event standards are explicitly embedded into operations information exchanges
- Consistent and unique Data Model and Dictionary

Operational Process Excellence

- The foundation to enable end-to-end operational excellence
- Embeds DoD's Net-Centric Enterprise Services in Business Enterprise Architecture
- Provides link to Federal Enterprise Architecture

Enhanced Portfolio Management Support

- Transition Planning based on target processes
- Relevant "As Is" analysis

BEA deliverables

Completed

- BEA version 1.0 delivered in May 2003. It addressed high level activities and information flows
- Identified some standard accounting and finance requirements
- Identified leading practices across all of DoD's business areas
- Established some common business rules

It did not provide:

- Process flows validated by the Domains
- Activities are being converted to process reference models through workshops
- Cost accounting methodology and business rules
- Standard Accounting Codes

Version 2.0 - <i>Includes Baseline Process Models</i>	Feb 20 04
Version 2.1 - <i>Includes relevant financial rules and requirements integrated into sub processes</i>	Apr 20 04
Version 2.2 - <i>Includes all Increment 1 sub-processes integrated into end-to-end BEA Business Process Models</i>	Jul 20 04
Version 2.3 - <i>Includes recent BPR</i>	Oct 20 04
Version 2.4 - <i>Includes recent BPR</i>	Jan 20 05
Version 3.0 - <i>Includes initial BPR to support Increment 2</i>	Qtr 2, FY 05

BMMP Governance

The governance structure concept

- A DoD led hierarchy of governance committees provides oversight for DoD's business transformation and compliance activities
- Creates structure and performance measurements which help define organizational boundaries, responsibilities, and tasks
- Aligns systems' acquisition, budgeting, and implementation with the strategic direction of the program
- Includes representatives from OSD and the Military Services

DoD Oversight

- The Department's Comptroller and Chief Information Officer provide oversight via the Executive Committee
- Their deputies comprise the Executive Steering Committee
- These two groups provide strategic direction and guidance and oversee the Domains

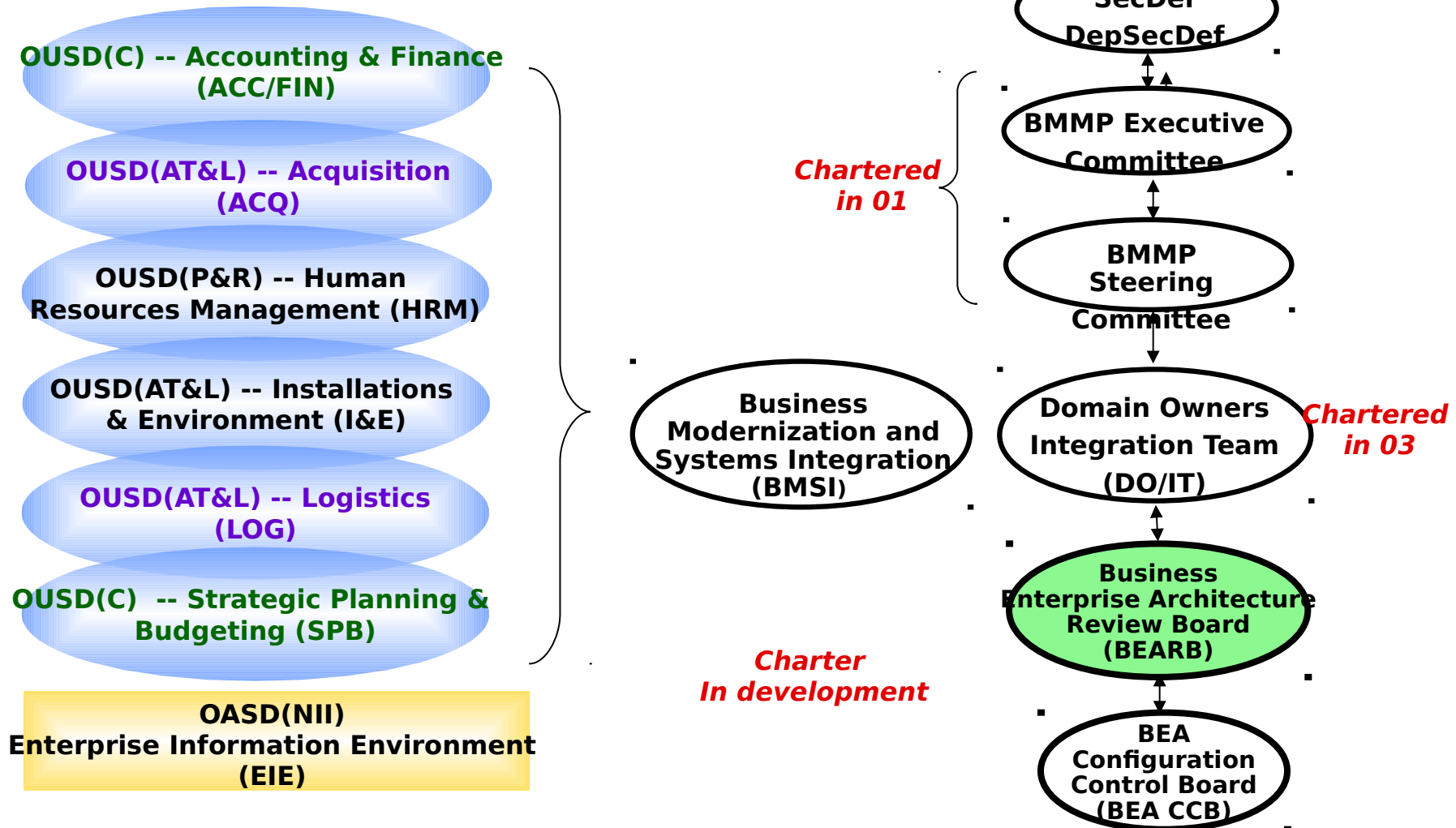
Domains - vertical integration

- 6 Domains were established for each principle functional area in DoD
- Domains are considered the "owners" of the Department's major business areas
- Governance of business transformation has been vested with the Domains

Domain Owners Integration Team (DO/IT) - horizontal integration

- Provides oversight over all Domains
- Focuses on shared Domain topics and cross Domain issues

BMMP Governance Structure



BMMP Executive Committee

Membership

- **USD (Comptroller) - Co-Chair**
- **ASD (NII)/DoD CIO - Co-Chair**
- **USD (Acquisition, Technology and Logistics)**
- **USD (Personnel and Readiness)**
- **Under Secretary of the Army**
- **Under Secretary of the Navy**
- **Under Secretary of the Air Force**
- **Director, Program Analysis and Evaluation**

P&E Policy Office reports to AT&L

Components are members

Responsibilities

1. Provide strategic direction for the DoD business transformation
2. Communicate and champion BMMP to achieve business transformation
3. Approve major BEA releases
4. Approve BMMP strategic plan and implementation schedule
5. Holds Business Domains and DoD Components responsible for business transformation results
6. Provide guidance to the BMMP Steering Committee

BMMP Steering Committee

Membership

PDUSD (Comptroller) -- Co-Chair

DASD (NII)/DoD Deputy CIO -- Co-Chair

- ACC/FIN Domain (Deputy CFO)
- Acquisition Domain (Director, DPAP)
- HRM Domain (PDUSD (Personnel and Readiness))
- I&E Domain (DUSD (Installations & Environment))
- Logistics Domain (DUSD(LMR))
- Strategic Planning & Budgeting Domain (Deputy Comptroller (P/B))
- Principal Deputy Director, PA&E
- Enterprise Integration Environment (EIE) – Mission Area Designee
- Military Services (Financial and Acquisition reps)
- Military Service CIOs
- BMSI Director -- Executive Secretary

Responsibilities

1. Advise the Executive Steering Committee concerning program performance
2. Serve as the forum for resolution of Business Domain, Component, and Program issues
3. Communicate and champion the BEA and its usage at Business Domain, Component, and Program levels to achieve business transformation
4. Conduct information technology investment portfolio reviews
5. Provide executive oversight for the development of the BEA and implementation of the transition plan
6. Provide guidance to BMSI Office
7. Provide guidance to the DOIT Domain Owners Integration Team

Domain structure and focus areas

Accounting & Finance - DoD Comptroller

Implementation of the USSGL, Standard Accounting Classification Structures, and uniform Cost Accounting Standards

Acquisition - Under Secretary of Defense (Acquisition, Technology and Logistics)

Acquisition planning, program management, past performance, purchase card, and strategic sourcing

Human Resources Management - Under Secretary of Defense (Personnel & Readiness)

Personnel, pay, manpower, training, recruiting, health affairs, and travel management

Installations & Environment - Under Secretary of Defense (AT&L)

Resource management, accounting, accountability, and reporting

Logistics - Under Secretary of Defense (Acquisition, Technology and Logistics)

Agile deployment, deployment, and sustainment for all logistics business processes

Strategic Planning & Budgeting - Under Secretary of Defense (Comptroller)

Strategic direction, planning, programming, budgeting, execution, allocation and control of funds

EIE Mission Area – Governance structure being formed

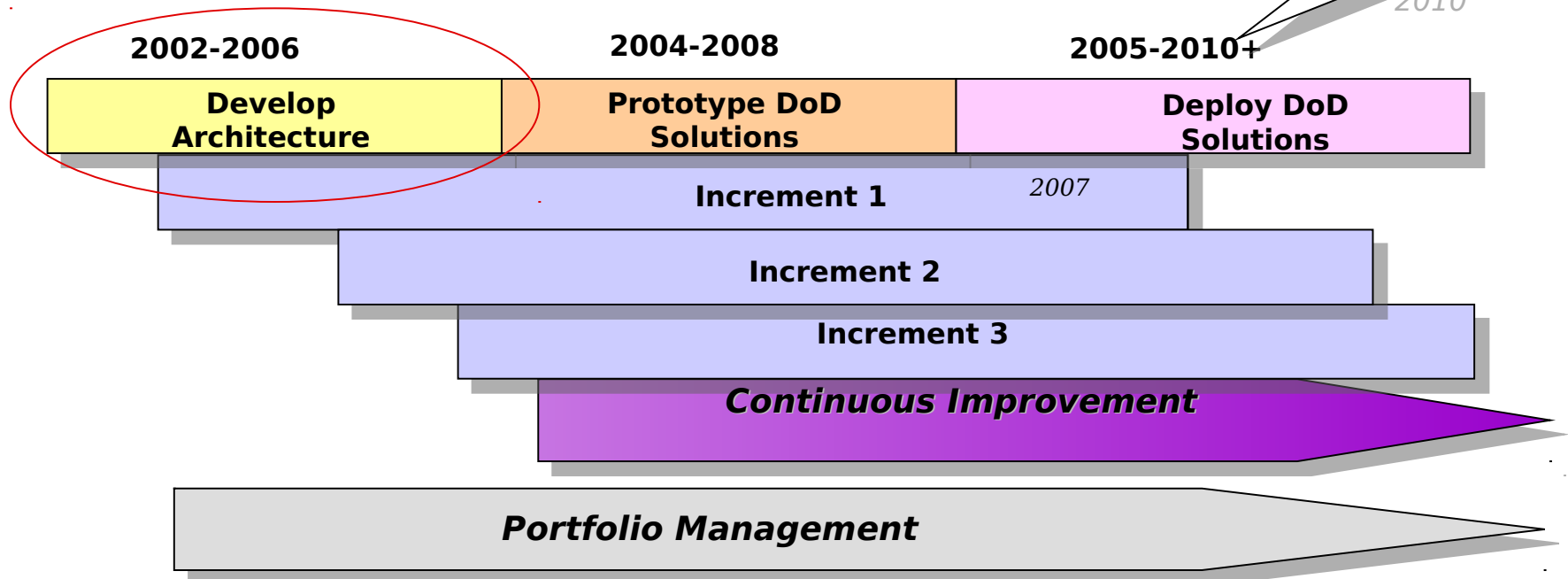
Chaired by ASD NII/Chief Information Officer (CIO)

- Responsible for overall technical requirements for all architectures including the BEA
- Also responsible for: all communications, computing equipment, and software functions required in providing a common information capability or service DoD-wide – in **both in business and warfighting domains**
- Developing Net-Centric Operations and Warfare (NCOW) Reference Model
- Developing the DOD Architecture Framework to ensure the BEA is compliant with the overall GIG Architecture which is the organizing construct for achieving net-centric operations
- Identifying common underlying technical services to enable Net-Centric Strategy to ensure data is visible, available, and usable across all Domains
- Providing oversight guidance to BMSI office role as Capability Integrator for the Business Domains
- Identifying requirements, policies and infrastructure capabilities to support interoperability for systems and data needs
- Developing policies to manage the DoD's IT Portfolio for both warfighter and business needs
- Developing and implementing Pilots

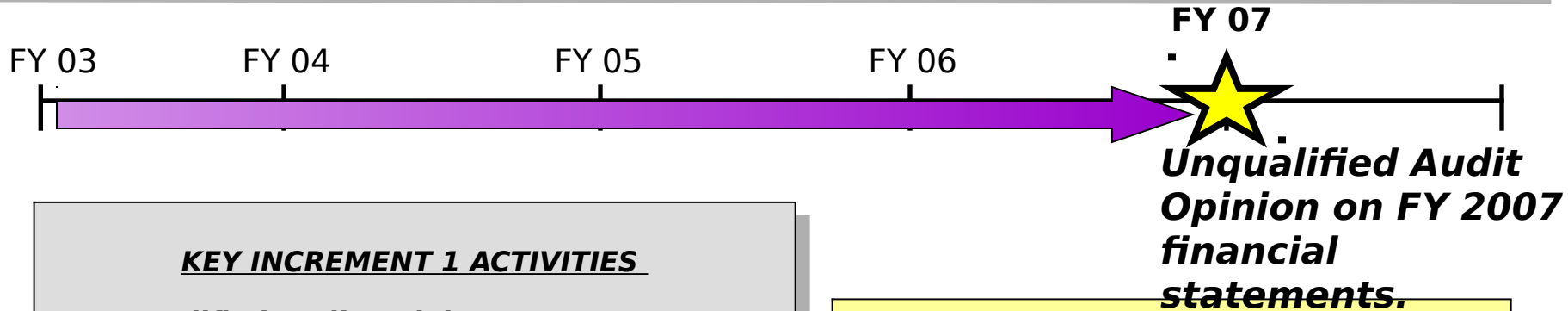
BMMP Transition Plan – an incremental approach

- The Transition Plan is an enterprise-level view of the process to implement the BEA
- It takes a systematic approach
- Desired capabilities are grouped into “increments” and dates established
- 3 increments have been identified
- Focus of **increment 1** is on processes that support a clean audit opinion

Full implementation date is unknown but it is expected to extend past 2010



Increment 1 activities



KEY INCREMENT 1 ACTIVITIES

1. Unqualified Audit Opinion

- Standard Accounting Code Structure
- Standard General Ledger

2. Plan, Procure & Pay

- Strategic Purchase Planning
- Collaborative, Planning, Forecasting, and Replenishment
- Cost Accounting
- Funds Distribution and Budget Execution
- Purchase Card Management

3. Asset Accountability

- Real Property Inventory
- ~~Personal Property Inventory, including Military Equipment~~

4. Enterprise Data and Reporting

- All Domains (Data Management, Enterprise Reporting, Mediation Services, Discovery Services & Information Assurance Policy)
- Financial Data Management & Enterprise Reporting

ADDITIONAL INCREMENT 1 ACTIVITIES

- Access to Better Execution Data
- Application Domain Linkage
- Architecture congruence/management
- Architecture School
- Civilian HRM BPR and system enhancement
- Data Management
- Governance
- Inter Agency BPR and interface enhancement
- Logical Data Model (LOA/SFC)
- Military Health BPR and system development
- Military HRM BPR and system development
- Personnel Accountability
- Pilot Management
- Program Budget Data Structure Framework
- Portfolio Management
- System Inventory Management
- Systems Standards and Compliance Criteria

Portfolio Management of IT investments

A strong, aggressive agency-wide IT portfolio management strategy is absolutely essential to the success of business transformation in the Department.

Purpose: to stop and reverse unchecked proliferation of business management systems

- Existing Department processes (e.g., acquisition management, Planning, Programming, Budgeting System) also control spending on the development and deployment of business systems.
- The Department's CIO is creating additional policies and procedures for the Domains to manage their IT portfolios
- The CFO and CIO will jointly oversee the Domains' management of their IT portfolios.

Integrated repository initiative

Issue

- DoD has 3 systems that manage information about systems
 - **BMMP Systems Inventory (BSI)**
 - An Access database that contains systems information; produces BMMP's SV-8 and reports
 - **Information Technology Management Application (ITMA)**
 - Web-based Application that generates budget outputs (e.g. IT-1 to Congress, OMB 53s & 300s)
 - **IT Registry (ITR)**
 - Web-based; contains mission critical/mission essential IT systems inventory and GIG waivers
- Stove-piped systems were established to meet different Congressionally mandated requirements/reports
- Data is not complete or accurate; results in data calls
- Data in systems does not sufficiently support Domain needs

Long-Term goal:

To establish a single repository for business systems information that supports a variety of activities throughout the Department of Defense

Integrated Repository Concept

Benefits of an integrated repository

- Establishes unified enterprise IT systems inventory
- Enables timely reports
- Improves accuracy and credibility w/external customers (Congress, OMB, etc.)
- Minimizes data calls
- Provides “key” (uniform system identifier) for linkages
- Supports net-centric data strategy to make the data available to everyone who needs it, when they need it
- Supports OHIO concept - “Only Handle Information Once”

The process

- BMSI will work with Domains to identify data requirements to define a common set of data requirements for the repository
 - Domain Reps submitted a total of 521 data requirements
 - Have reduced to 477; will reduce further
- Will pass data requirements over to NII to lead development of the long-term solution
- Target Completion Date: March 2005

Performance Metrics

A key element of any major program is its ability to measure progress. Feedback to management is critical in ensuring that the goals of the Department's senior leadership are being met.

- Performance metrics have been identified to measure high level progress
- More specific BMMP performance metrics (targets) will be developed to add additional rigor to the measurement, and management, of BMMP
- Domain-specific performance measures will be added and will fit into the measures developed for the program overall
- Initial progress reporting starts 4th quarter, FY 2004

BMMP Metrics Goal 1 - timely, accurate, reliable business information

- **Achieve unqualified audit opinion on 2007 consolidated DoD financial statements**
 - Eliminate material weaknesses
 - Balance sheet line items that pass audit scrutiny
 - Financial management business rules and information exchange requirements incorporated into DoD BEA
 - DoD business processes reengineered to consistently produce an unqualified audit opinion
- **By 2007, achieve total visibility and accurate valuation of assets including OM&S; Inventory; and Property, Plant and Equipment (PP&E)**
 - Establish processes to accurately value assets by category
 - Perform accurate asset valuation for each category of assets
 - Provide accurate in-transit asset visibility
- **Provide DoD decisionmakers timely access to business information**
 - Establish a process for measuring information timeliness
 - Update information within a prescribed time threshold

BMMP Metrics Goal 2 - Enable improved Business Operations

- **Adopt the Business Enterprise Architecture (BEA) for acquiring, managing, and providing resources in support of the Warfighter**
 - Establish process for measuring BEA adoption
 - Number of processes re-engineered to align with BEA
 - Number of compliant systems in domain business portfolios
 - Number of DoD systems eliminated from domain business portfolios

- **Systematically enable efficiency and productivity improvements to DoD business operations**
 - Establish process for measuring improvements in DoD business operations
 - Reduce the cost of operations
 - Achieve a 50% (or greater) cycle time reduction for each process
 - Achieve a resource reduction equal (or greater than) the reduction threshold

Mandatory Reports to Congress

Public Law 107-314, Section 1004

- The Law directs the Secretary of Defense to provide the congressional defense committees annual reports on DoD progress in implementing the BEA and associated Transition Plan which supports BMMP.
- The Law requires that these reports “shall include, at a minimum--
 - Actions taken during the preceding and current fiscal year to implement the BEA and Transition Plan
 - Planned actions not taken during the preceding fiscal year
 - Actions to be taken during the next fiscal year
 - Costs for preceding, current and projected years

Next Steps

What was not accomplished (per DoD's report to Congress):

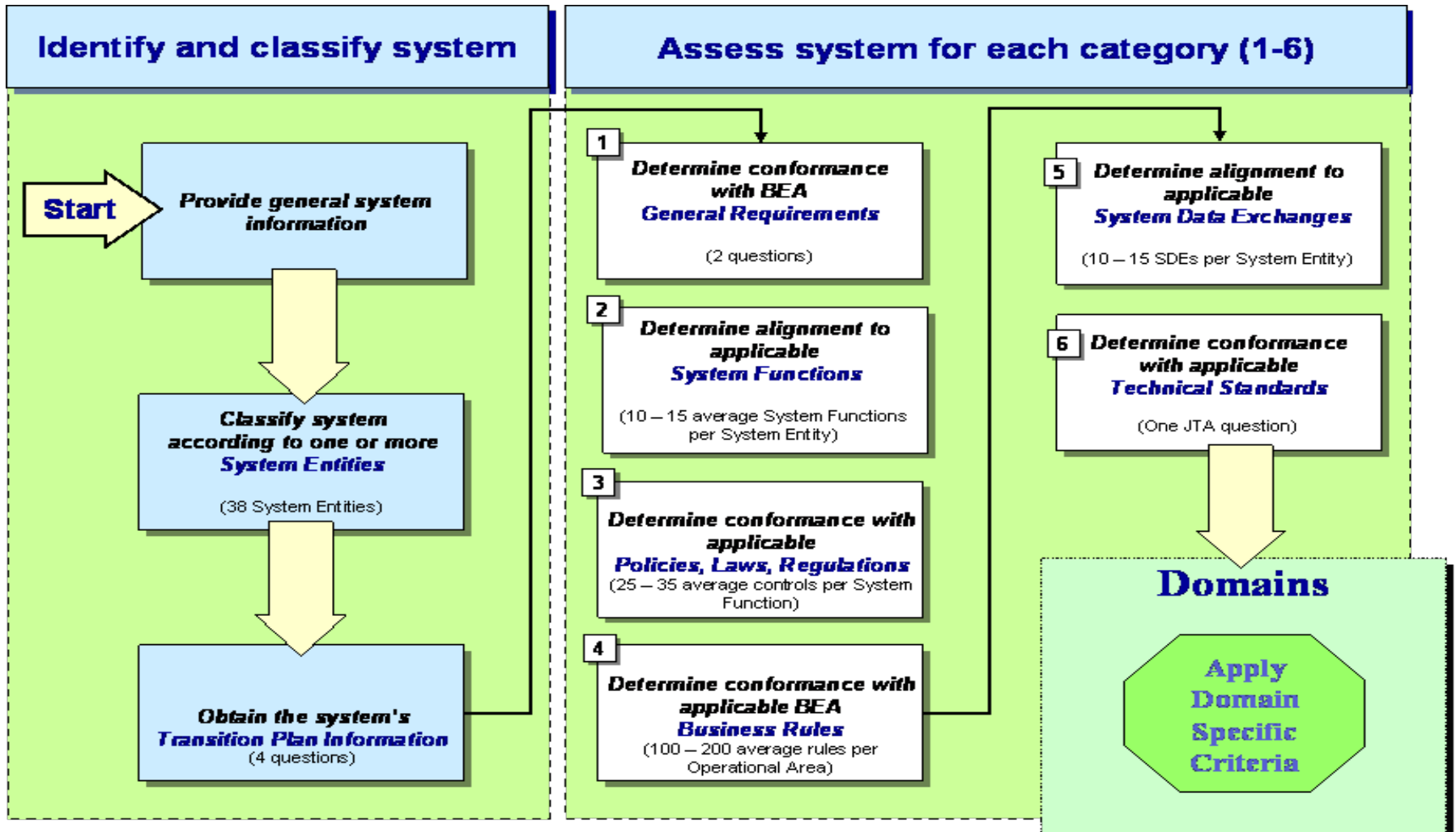
- Adding necessary detail to the architecture to begin full-scale implementation of business processes and to begin the acquisition of new business systems
- Estimating the total cost of business transformation enterprise-wide
- Creating performance metrics that would allow management at every organizational level to ensure thorough and efficient transformation
- Adding necessary detail to the Transition Plan
- Adding necessary detail to the business systems portfolio management process
- Establishing sunset dates for many legacy business systems
- Achieving the financial management improvement goals of the President's Management Agenda

Terminology

- **ACC/FIN - Accounting and Finance**
- **AIT - Architecture Integration Team**
- **BEA - Business Enterprise Architecture**
- **BMSI - Business Modernization Systems Integration**
- **BMMP - Business Modernization Program**
- **DOIT - Domain Owners Integration Team**
- **DOORS - Dynamic Object Oriented Requirements System**
- **EIE - Enterprise Information Environment**
- **FMEA - Financial Management Enterprise Architecture**
- **FMMP - Financial Modernization Program**
- **GIG - Global Information Grid**
- **NII - Network Information Infrastructure**
- **NC - Net Centric**
- **SPB - Strategic Planning and Budgeting (PA&E)**

BACK -UP SLIDES

BMMP Self-Assessment System Review Process



Architecture Integration Teams

Mission:

To Construct an integrated Business Process Model (OV-6C) with associated Business Rules (OV-6A), and associated Transition States (OV-6B) and integrate the resulting OV-6 into the BEA

- Architecture Integration Teams were created as a means of organizing business process modeling in logical manageable work packages, and ensuring integration of architecture products across the Department
- An AIT is composed of Subject Matter Experts (government & contract support), Architecture Modelers and a Facilitator
- An AIT is organized around logical groupings of business processes
- Financially relevant events are identified and modeled for integration into the BEA

BMMP Goals and Objectives

❑ **GOAL 1: Provide timely, accurate, reliable information for Business Management**

OBJECTIVE 1.1 Achieve unqualified audit opinion on 2007 consolidated DoD financial statements

OBJECTIVE 1.2 By 2007, achieve total visibility and accurate valuation of assets to include Operating, Materials and Supplies (OM&S); Inventory; and **Property, Plant & Equipment (PP&E)** (see Note 1)

OBJECTIVE 1.3 By 2007, achieve total personnel visibility to include: military service members, civilian employees, military retirees, and other U.S. personnel in a theater of operations (including contractors and other federal employees)

OBJECTIVE 1.4 Provide DoD decision makers timely access to business information

❑ **GOAL 2: Enable improved Business Operations**

OBJECTIVE 2.1 Adopt the Business Enterprise Architecture (BEA) for acquiring, managing, and providing material and personnel in support of the Warfighter

OBJECTIVE 2.2 Systematically enable efficiency and productivity improvements to DoD

Note 1: PP&E includes real property; military equipment; internal use software; personal property, and property in possession of contractors

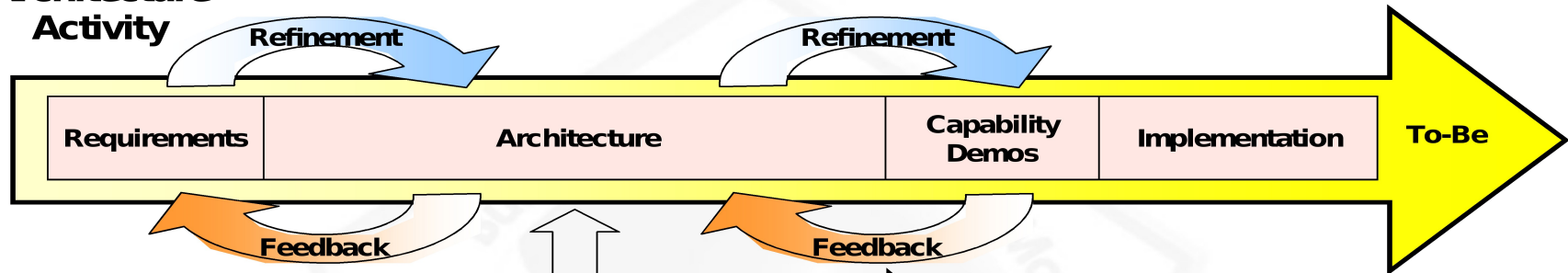


Business Management
Modernization Program

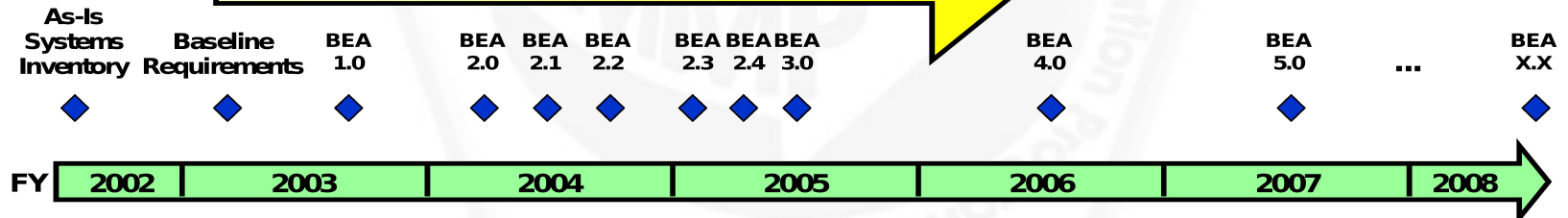
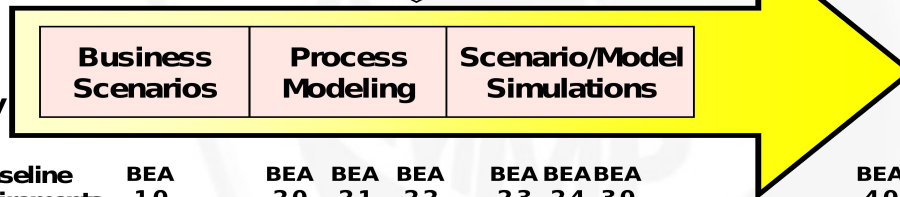
Path to Business Transformation

Department of Defense

Architecture Activity



Modeling and Simulation (M&S) Activity



Acquisition Activity

e.g., TRANSCOM

